

Bumpy Road of the Hungarian Administrative Reforms: From Political Over-Centralization to Public Policy Failures

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The paper focuses on the Hungarian administrative reforms in the East-Central European context in order to show that the Hungarian developments have been the worst-case scenario of Europeanization. The bumpy road character with its ups and downs appeared in the first twenty years but this feature of administrative reforms has been reinforced by the latest developments in the second Orbán government (2010-2014) when the former patronage system in public administration has been turned into a complete “merger”, i.e. the whole public administration has been over-politicized. This invasion of politics into all levels of public administration with the appointments of loyal party soldiers to the top administrative positions has led to a drastic decline in governance capacity and effectiveness. Thus, the recent story of the “colonization of state” by pol-

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itics in Hungary can be described in the terms of transition from political over-centralization to public policy failures.

Key words: public administration – Hungary, reforms, Europeanization, merger of politics and administration

1. Introduction: Hungary as the Worst-Case Scenario in Central and Eastern Europe

The paper deals with the developments of Hungarian administrative reforms in the East-Central European (ECE) context. It concentrates on Hungary, on “the country I know best”, which represents the worst-case scenario in CEE, most markedly in the period the incumbent Orbán government after 2010. To quote *The Economist's Democracy Index 2011*: “Some negative trends have recently got worse. Hungary perhaps the prime example among the EU's new member states in the region.” (DI, 2011: 21). The Freedom House Report, *Nations in Transit 2013* has also emphasized that the backsliding of democracy in the “New EU States” has taken place in Hungary in its worst version: “the most prominent example of this phenomenon may be Hungary, whose Nation in Transit rates have weakened more since EU accession than any other member state, with the largest decline in 2010 and 2011. Under the leadership of Prime Minister Viktor Orbán the conservative Fidesz party has used its parliamentary supermajority to increase political control over a number of key political institutions, most notably the judiciary and the media regulator.” (FH, 2013: 6). Thus, this paper asks about the special reasons for the Hungarian worst-case scenario, by investigating its public administration and public policy reforms. It puts particular emphasis on the recent history of the Hungarian administrative elite through its politicization and professionalization processes during the said reforms.¹

¹ I presented my twin paper *Europeanization of Public Administration in Eastern and Central Europe: The Challenge of Democracy and Good Governance* in Dubrovnik at the IPSA RC 32 Conference (April 4-7, 2013) on *Europeanization of Public Administration and Policy: Sharing Values, Norms and Practices*. The twin paper has been published in the Croatian and Comparative Public Administration 13(3): 739-762. This paper is the second part of my presentation on the Hungarian developments. Several years ago, I published an optimistic paper on Hungary (Ágh, 2001), but in my latest analysis on the general developments (Ágh, 2013) I have given a critical assessment of the present-day Hungary as sliding back within CEE. The CEE countries here are Poland, Czech Republic, Slovakia, Hungary, Croatia and Slovenia.

The general message of the paper is that Hungarian administrative reforms have had a rather controversial and troublesome emergence period in the last twenty years, which is here called the bumpy road. The time horizon of the last twenty years fits well to the CEE countries, since the systemic change began in 1989-1990 and this twenty-year period could be and should be considered in its entirety. The bumpy road, as a general term, was often used with respect to CEE, for instance in the early nineties to describe the controversial character of Europeanization in CEE on the Hungarian case study (see Ágh, 1994). First, tremendous changes can be observed in the social status and structure of the administrative elite as a real bumpy road with ups and downs. Since the early nineties, this bumpy feature of the Hungarian developments has become even more marked, and it can be felt in public administration more than in the other political fields. The term can be applied to all dimensions of this process, but most markedly to the social status of the Hungarian administrative elite that has been constantly changing – worsening and improving – in many ways.²

There has been an intensive research effort to study public administrative reforms in CEE. The position of the top civil servants within the social elite and political/social stability of elites during the subsequent administrative reforms is still an under-researched topic in CEE, including Hungary. In this paper, the administrative elite figures as the upper layer of senior civil servants in the ministries, state agencies and public corporations. However, the author distinguishes between the core executive – a small circle of leaders in the government, heads of state agencies, and top managers in public corporations – and the larger administrative elite of high-ranking officials. Below the administrative elite, there are civil (or public) servants. Civil servants and public employees make what is known as the public sector employment.³

² The OECD (2011: 102) has offered the following definition: “The general government sector comprises all levels of government (e.g. central, state, regional and local) and includes core Ministries, agencies, departments and non-profit institutions that are controlled and mainly financed by public authorities. Public corporations are legal units mainly owned or controlled by the government which produce goods and services for sale in the market.”

³ The total number of public sector (civil servants and public employees) in Hungary was 814.000 (1997), 818.00 (2003), 722.000 (2008), 747.000 (2009) and 734.000 (2011) – data from the Central Statistical Office (KSH). Three groups of the core executives (the “state leaders”, “agency leaders” and “corporation leaders”) together were around 500 people. Actually, in 2010, at the end of the Bajnai government, when the second Orbán government entered, they numbered 479 people, while the entire staff in the ministries and government agencies in 2010 numbered around eight thousand. The estimated size of administrative elite was about seven thousand.

The recent history of CEE countries has been structured by the radically changing political styles of subsequent governments; therefore, this analysis can only be presented through a historical approach, describing the main changes in the consecutive government cycles as the basic political periods. As the mainstream analyses have pointed out, this has been a rather controversial process leading to the merger of political and administrative roles in all CEE states, particularly in Hungary during the incumbent government. The change in the social status of the administrative elite can be best approached from the general dimensions of professionalization and politicization. Two main international approaches and interactions can be observed between politics and administration – *separation* and *fusion*. In addition, it is even more important to see the distinction between the open and closed patronage within the fusion trend. Whereas open patronage provides only a form of risk-reduction for politicians, closed patronage is the colonization of the state with clientelistic practices of using the appointments as rewards for loyalty or payments for previous support. In the analyses of the CEE public administration developments, the enhanced politicization of the civil service – with the emergence of politico-administrative elite as the “new nomenclature” – has become the mantra of the NISPAcee analysis. What it really means is closed political patronage. Thus, this is the basic conceptual framework required to characterize the Hungarian developments.⁴

The EU has undertaken considerable effort to influence administrative practices in the new member states through the top civil servants. This situation can be described as the “centrality of the role of core executive” in the EU adjustment (Ladrech, 2010: 58, 68). In addition, there has been an important distinction between the inner and outer core ministries. The inner core ministries are those whose policy area is heavily intertwined with EU competence and they therefore focus on the effective transposition of EU legislation. Obviously, the core executives from the inner core ministries have been much more concerned with the EU style of public administration, and they are more influential within the administrative elite than those working in the outer core ministries. This is a process of adaptive Europeanization that has put transformation pressure on the CEE public administrations in general and on their core executives

⁴ The fusion and separation trends and the closed and open political patronage are described in the previous paper. The terms *enhanced politicization*, *new nomenclature* and *politico-administrative elite* have come from the NISPAcee analysis. See e.g. Connaughton et al., 2008.

in particular. However, the main tendency of resisting the EU influence through the tradition of far-reaching politicization of the core executives, such as the enhanced politicization and high power concentration, has prevailed in CEE as well as in Hungary.⁵

Thus, in the period of adaptive Europeanization some common features have emerged in CEE countries in the form of (1) insufficient institutional reforms as a reaction to EU accession demands with a half-made EU policy transfer. It has been accompanied (2) by the strong fusion and weak separation of politics and administration, i.e. by over-politicization of the core executives and the entire public service with high volatility of career prospects for the top civil servants. Regarding the institutional support, (3) no proper system of policy institutes has been developed for strategic planning and policy evaluation in CEE. In addition, although some efforts have been made, the education-training systems are still relatively weak. Finally, (4) the academic debate has not been centred upon the social status and professionalization of the administrative elite but much more on the criticism of their perverse and paranoid over-politicization. Altogether, the transition from government to governance has been just half-made in CEE from both the politicization (democratization with partnership structures and multilevel governance, MLG) and the professionalization (expert training and involvement) sides. These controversial processes can be clearly seen on the Hungarian case, which followed closely the general CEE tendency until 2010, but has taken a downward path during the incumbent government. Hungary offers itself as the worst-case scenario, best demonstrating the weaknesses of the CEE developments.

2. The Long Bumpy Road in Hungary over the Last Twenty Years

Hungary was a frontrunner in public administration reforms in the late eighties and early nineties, given the fact that it was first in CEE “to embark on civil service reform” (Meyer-Sahling, 2009: 517). Nevertheless, it had lagged behind by the early 2010s. This decline can be demonstrated on the case of public administration reforms, including the role of the core executive. Hungary had a good start because there were some posi-

⁵ Zubek (2011) has described the Europeanization of the Hungarian, Polish and Czech core executives in both periods in great detail.

tive changes in public administration in the 1980s with more professionalization and less over-politicization, which resulted in the early reforms of public administration. Indeed, Hungary was first to pass a wide ranging reform legislation in 1992, reregulating and separating the field of labour relations in the private market economy (Labour Code, Act XXII of 1992) from the civil service (public administration, Act XXIII of 1992) and public employment (public sector, Act XXXIII of 1992) in three different but well coordinated Acts. Although this legislation had a positive effect on the fields concerned, the general CEE tendency of closed political patronage still prevailed.⁶

This legislation was followed by rapid over-politicization and slow professionalization by both the Right and the Left, in the Antall-Boross (1990-1994) and Horn (1994-1998) governments. The first Orbán government (1998-2002) initiated a strong negative turn towards the spoils in public administration as a whole. The road was indeed bumpy for the Hungarian public administration in the 2000s with various forms of political patronage appearing in the Medgyessy (2002-2004), Gyurcsány (2004-2006, 2006-2009) and Bajnai (2009-2010) governments. However, the worst came with the second Orbán government in 2010. Thus, the present situation requires a special analysis because of its perfectly closed political patronage system.⁷

The original legislation (Act XXIII of 1992) was a piece of the Weberian universe of public administration. This Act introduced the classical public administration system, separating the political and administrative positions clearly, and offering a stable, lifetime career model with salaries based on seniority. It regulated the details of the functioning of the system as well as the activities of civil servants. This Act has remained a basic reference point in the Hungarian public administration, and it has been reinforced at the formal-theoretical level by some later amendments (Act XXXVI of 2001, Act LXXII of 2006 and Act LXXXIII of 2007). How-

⁶ On the Hungarian governments, public administration and the top political and administrative elite, see Ágh, Kádár, 2005; Balázs, 2011, 2012; Gajduschek, 2007, 2012; Gellén, 2013; Hajnal, 2009; Meyer-Sahling, Jáger, 2012; Müller, 2011; Sárközy, 2012. See also the arguments of Dworkin (2013) about the decline of democracy in Hungary.

⁷ Therefore, the OECD Report has characterized Hungary in the following way: "In the Czech Republic, Hungary and Turkey all positions change systematically in the two top echelons after the election of a new government." Indeed, the Table 18.1 indicates that in Hungary in five categories out of six in senior staffing there was a turnover of civil servants with the change in government (OECD, 2011: 94, 95). On this topic in general, see Nakrosis, Gudzikas, 2013.

ever, this classical and ideal system of separation (with the detachment and neutrality of the administrative elite) did not exist even at the time of adoption of the Act, since it was the Antall that government installed newcomers and outsiders to all top positions, and the following governments continued with and widened that practice.

Nonetheless, the practice of fusion was legislated by its first amendment (Act CI of 1997), too, because this new act established a system of advisers from the central government to the local governments as direct partners of politicians from the prime minister to local mayors. Thus, the classical system was eroded from the very beginning by the exceptions giving special titles to the appointments, particularly in the high and middle ranks of public administration, with special higher social status and salaries, even if it was just for a single governmental cycle. Altogether, the uncertainty of this system has led to a situation in which the separation side, with the advantages of civil service jobs offering a stable career and a relatively good salary, has disappeared. The fusion system, however, with exceptional status and salaries has generated hectic changes in the payments, since there have been many re-regulations in the past twenty years. As a result, the attractiveness of this career diminished and instead of selecting from the best applicants, the situation of counter-selection had appeared – even before 2010 (Horváth, 2011: 99-105). Consequently, the blurred boundaries and frequent changes between open patronage and closed patronage, or between politics and administration in general, have produced hectic and improvised legislation, confusing the separation and fusion of roles. The frequent changes have downgraded the career models and paths of public administration, and eroded the social profiles and social status of the administrative elite.

The Horn government introduced the term of state leaders comprising top politicians and executives from the prime minister to the (deputy) state secretaries, i.e. all participants in the government, and regulated their legal status (Act LXXIX of 1997). It created a kind of fusion, since the main dividing line in the classical system was between the ministers and their political state secretaries (say, deputy ministers), putting the politicians on one side, and all the other administrators – state secretaries and undersecretaries, led by the administrative state secretary – on the other. Yet, the incoming governments usually treated this block of core executives in the same way (even widening the circle of state secretaries beyond the government, see the Act XVII of 2002). Moreover, the first Gyurcsány government made the fusion transparent by turning all state secretaries into political appointees (Act LVII of 2006). Although it was a

positive step, since it turned closed patronage into open patronage by admitting that all state secretaries were politically appointed, it still created confusion in the government hierarchy and its functioning by abolishing the position of administrative state secretary and seriously weakening the separation of the two teams.

The Act of 2006 was an attempt to regulate open political patronage in general, since it defined the central state administration bodies and enumerated the state agencies concerned by the system of open political appointments. In fact, this measure clearly defined the already existing two layers of the core executive, namely the state leaders in the government ministries, including Prime Minister's Office, as the upper layer, and the state agency or public company heads – around and below the government – as the lower one. The lower layer of core executives could be divided into two parts – state agencies on one hand and public companies on the other. The heads of state agencies were closer to the civil service, and top managers of public companies to the public sector. Various fields of political loyalty (or reward) were combined with different professional requirements. In the lower core executive group, there was usually high mobility with frequent, rotating changes in the positions. At the same time, the first Orbán government and the Gyurcsány governments made an effort to distinguish further between the administrative elite and the rank and file of the civil servants – between those with their privileged positions and special career stability, below politics and still above administration and those having an uncertain career in public administration – although the incoming new governments immediately dismissed a large part of this privileged group appointed by the previous governments.

In Hungary, the privatization of the civil service by opening ministerial doors to the new managers coming from private companies has been relatively rare in the past twenty years. It has taken place mostly in public companies, sometimes also in the ministerial and state secretary circles. Thus, the cultural challenge calling public managers to share values, methods and practices with their private counterparts has not been characteristic in these circumstances. If it has appeared at all, it has used different channels, particularly in the communication between the politicians and business leaders, even through oligarchs' pressure on public administration. However, a massive transfer of good public managers in the opposite direction, i.e. from the civil service to the private sector, has taken place very often in the past twenty years. It began in the nineties, when the private sector was under construction and it needed good managers, and attracted them from the senior civil service with much higher

salaries and better job and career opportunities. This “bleeding out” of the civil service continued in the following decade, with the new wave of multinationals, although mostly at the middle and lower levels of public administration. Nevertheless, it did attract some members of the core executive. Consequently, the privatization and “multinationalization” of the Hungarian economy has not imported too much of the NPM trend and ethos. It has not been the dominant trend, just an undercurrent in public administration, except for a failed attempt during the second Gyurcsány government. But even this *ad hoc*, short lived reform drive was not a direct threat against the traditional ethos of professional top rank civil servants, since it appeared in the second decade, when the administrative elite as a group was settled in its place.⁸

The main tendency of the Hungarian public administration has been centralization, reinforced by the recurring financial constraints. In the permanent budget crisis, all governments have used all levels of public administration as conflict containers into which the nation state has pushed down its financial problems. This decentralization of budget deficit has also diminished and/or inflated the salaries of the civil servants concerned and drastically lowered their social positions. The only contradicting trend to the worsening position of civil servants was the reform drive in the course of EU adjustment that went through the whole public administration, from the central government to the lower levels. The EU accession has had its positive effects, primarily on the highest echelon of civil servants, but it has been incapacitated by over-politicization and unstable jobs/positions. Thus, although the Europeannes of the Hungarian administrative elite has been relatively high, the traditional patterns of political loyalty to the over-centralized state have prevailed. As a result, Europeanization inside the Hungarian public administration has been modest and controversial, except for the core executives and the senior civil servants in the EU-oriented, inner core ministries. Therefore, the young and ambitious civil servants have “emigrated” to the EU, since for them it is a real career. Thus, the Hungarian Brussels staff has been constantly increasing.⁹

⁸ The Gyurcsány government had a failed effort to introduce the “light” version of NPM. Gábor Szetey, who had an international career in multinational firms, was state secretary between 1 July 2006 and 31 January 2008, but he had to give up, since the NPM approach was alien to the Hungarian public administration. On the weak effect of NPM in Hungary, see Balázs, 2012 and Hajnal, 2009.

⁹ The EU jobs are very attractive for Hungarians and they are well represented in the EU institutions, altogether 711, 71 and 166 Hungarians work at the different levels of the European Commission, the Council and the European Parliament respectively, making 2.16

3. Merger of Politics and Administration in the Fidesz Government

The dominant tendency of over-politicization of public administration in Hungary over the last twenty years has culminated during the Fidesz government, since this government has gone beyond the simple fusion with a complete merger of the political and administrative roles. With its two-thirds (constitutional) majority, the second Orbán government has transformed the Hungarian political system, creating a very high power concentration. Both institutional and personal changes have been introduced in this total takeover during a very short period. An unprecedented number of acts and parliamentary decisions (more than 600 acts) have been passed to transform the institutions completely. Furthermore, the government has appointed politically loyal people to head all positions in the checks and balances institutions and the central state administration for nine or twelve years.¹⁰ The Bertelsmann 2012 Hungary Country Report gives a full picture of the total political takeover of the incumbent government. First, it notes that “The main strategic priority of the Fidesz government is to consolidate its power for several governmental cycles.” Then it explains the total takeover: “Fidesz gained a two-thirds majority at the April 2010 elections ... Fidesz now controls the public media, and has weakened the system of ‘checks and balances’ envisaged by the constitution. The new President of the Republic, the head of the State Audit Office, the Chief Public Prosecutor and the president of the council supervising the mass media have all been elected or appointed by Fidesz

per cent of all staff (Gyévai, 2012). As to the national elites' preferences on Europeanization of policy-making, their preferences were close to the EU average in selecting the proportion of policy areas between the EU and national governance. The leading policy areas to be Europeanized according to the Hungarian elite are environment, immigration and fighting crime (Real-Dato et al., 2012: 72). On the Europeanness of the Hungarian elites and their policy preferences see Ágh, 2011 at length, and on the split between politicians and administrators in the Hungarian EU presidency see Ágh, 2012.

¹⁰ There has been very hectic and low quality legislation in this legislative-governmental term since May 2010. In the first legislative term (1990-94), the Parliament passed 432 (219+213) acts, in the second (1994-98) 499 (264-235) acts, in the third (1998-2002) 457 (273+184) acts, in the fourth (2002-2006) 573 (262+311) acts, in the fifth term (2006-2010) 587 (262+325) acts, whereas in the present legislative terms in three years 728 (262+466) acts, about twice as much than in the former legislative terms. First, the large number of amendments (466) indicates low quality legislation, since the majority of amendments were already the amendments of their own Fidesz legislation, including dozens of acts on public administration.

from among its loyal party supporters ... In all other institutions ... 'hostile' takeovers have taken place: the government installed a new, politically loyal leadership" (BTI, 2012: 3, 8, 20). This total takeover has eroded democracy in Hungary by removing the checks and balances mechanism. It has indeed turned the core executive and all government officials into some kind of new nomenclature.¹¹

The structure of the incumbent government is rather centralized and strictly hierarchical with four levels. The first level is the Prime Minister with his State Secretary and the Prime Minister's Chancellery. On the second level, there are two Deputy Prime Ministers with their Offices, one of them is also heading the Ministry of Public Administration and Justice and the other is supervising the national issues, i.e. Hungarians abroad. On the third level is the Government itself with only seven Ministers with their top ministries, each covering several portfolios. Thus, the Government (or Cabinet) itself with the huge ministries is rather small, but the fourth level of this baroque structure has 106 state secretaries and under-secretaries (Gallai, Molnár, 2012). There are many more state leaders in the incumbent Orbán government than in the previous central state administrations (see Act XLII of 2010 and Act XLIII of 2010).¹²

At the formal-legal level, the official borderline between the politicians and the central government officials still indicates classical separation. The ministers and their political state secretaries are politicians. Supposedly, the administrative state secretaries – and the entire staff of state secretaries and under-secretaries in the ministries (secretaries at the fourth level) – are administrators. Beyond this secretary staff at the fourth level, there are central government officials on the position of the heads and deputy heads of state agencies (they are sometimes also called – or are at the rank of – state secretaries) and public companies. There are perhaps some 500 people in the core executive at the top of the government pyramid. The new administrative elite exceed eight thousand – new jobs are

¹¹ In the same spirit of centralization, the Act XXXVI of 2011 established the National University for Civil Service unifying the education of the civil servants, army and police officers. The academic support has been laid in the National Institute of Public Administration (www.nki.gov.hu) with Public Administration Academy.

¹² There has been a confusion of the related terms in Hungary because of the lack of coherent – but too frequent and improvised – legislation. The meaning of the term "civil servant" has been blurred in Hungary with a large variety of new politicized terms. In some cases it is difficult to give a proper translation, e.g. for the confusing term of "government servant in the civil service" that has been introduced by the incumbent government.

constantly created to extend the control to the entire state administration – and the whole administration counts 200.000 people.¹³

The perverse processes of over-centralization in public administration and the merger of political and administrative roles in the incumbent government have been clearly diverging from the democratic and professional norms. The process began in the central government in May 2010, when the new government took office, and reached the lowest echelon of public administration by mid-2012. After the second Orbán government took office on 20 May 2010, the first step was immediately taken on 21 June 2010 with the Act LVIII on the legal status of “government civil servants”. This Act paved the way for radical politicization of the personal staff in the entire state administration. It was followed by many other closely related acts – four acts in 2010, three in 2011 and three in 2013 – to ensure political loyalty of the mentioned government civil servants. The new legislation contained the rule that all government civil servants can be dismissed immediately and without any explanation. First, the newly introduced term had included all those working in the state administration, separating them from those employed in local-territorial self-governments as public or civil servants. Later, however, this kind of dismissal was extended to the civil servants in the self-government sector by the Act CLXXIV of 2010 (Gallai, Molnár, 2012). Thus, the academic reviews on public administration employment have emphasized that the biggest problem of the present system is the uncertainty and vulnerability, since the whole public administration personnel could be dismissed without any explanation (Horváth, 2011: 100).¹⁴

After the new government took office, several waves of dismissal of government civil servants have been reported. Many experienced civil servants in the state public administration have been dismissed for the – real or alleged – lack of political loyalty (reportedly 6.719 people). This political cleansing began with core executives at the top, continued with the

¹³ The Hungarian public administration employs 23.000 people in defence (army), 65.000 in public order (police), 68.000 in state administration (government civil servants) and 43.000 in self-governments and national institutions (public servants).

¹⁴ This has also been underlined by the Bertelsmann Country Report: “The Act on the Legal Status of (Central) Government Officials of 21 June 2010 (Act LVIII of 2010) introduced the rule that civil servants can be dismissed without any explanation. As a result, hundreds of government officials were fired and replaced by inexperienced, politically appointed newcomers ... The most damaging case was the dismissal of the leading officials preparing the Hungarian EU presidency, a few months before the presidency commenced.” (BTI, 2012: 21).

senior civil servants below them, and has now reached the territorial-local level at the bottom. The mass dismissal at all administrative levels has taken the form of political cleansing in order to enforce political loyalty in the situation of prevailing job uncertainty. The enforced political loyalty has also appeared through the recruitment of new, non-professional people from the Fidesz surroundings. It has become a rather frequent practice to suddenly downgrade the positions of some (senior) civil servants, or to dismiss such people from public administration all together because of the alleged lack of political loyalty. All appointments have been put under the direct control of the administrative state secretary in the Ministry of Public Administration and Justice (KIM) who has exercised his veto regularly. The recentralization of the state administration was accomplished by the Act CXXXVI of 2010 on 16 November 2010. Counties as the main units of the territorial state administration were put under political control by the newly established government offices in the counties headed by the government commissioners who are Fidesz politicians, often MPs. The same type of political reorganization was also designed at the lower, district levels of state administration with the Act on Local Governments (Act CLXXXIX of 2011).¹⁵

The most characteristic feature of the merger between politics and administration is its *quantitative* extension manifested through the increasing size of the core executives and senior (government) civil servants as well as its *qualitative* extension manifested through the increasing direct political control over public administration. The extension has been followed by a big effort at systematization that has included widening the civil service regulations to all personnel in charge of maintaining and regulating public order, such as police officers and soldiers. The latest legislation (Act CXCIX of 2011 and Act V of 2012) has regulated this extended field of civil/public service in two steps, encompassing all related jobs in the public authority bodies. In this way, the large personnel of government “civil” servants (including the army and the police) have been markedly separated from the real public service in general, i.e. from the public sector employment of medical doctors and teachers. Although this merger system is still in the making in part of the lower state administration, it can

¹⁵ The Act XXXVI of 2012 has stipulated separation of MPs and other positions of core executives (except at the government level), since the number of MPs will be reduced from 386 to 199 in the next legislative cycle. Usually these acts on public administration are very long and contain very detailed regulations on the institutions and the personnel. On the Fidesz public administration reforms, see Balázs, 2011, 2012.

be considered completed in general framework as a perfectly closed political patronage. This process has been accomplished by the overwhelming state control over the administrative elite in the recent amendment of the National Security Act that allows full surveillance of all civil servants.¹⁶

Parallel with the merger of politics and administration, the government has dissolved all meaningful interest representations – the National Interest Reconciliation Council (OÉT) as well as the Economic and Social Council (GSZT). Thus, the tripartite type interest organizations have ceased to exist. The forum for negotiations has been shifted from these representative institutions to a new pseudo-institution named the National Economic and Social Council that includes many irrelevant but loud organizations from different churches to the associations of the Hungarians from abroad (Act XCIII of 2011). Similarly, state corporatist-type institutions have been organized everywhere. For instance, the Hungarian Chamber of Agriculture has been reorganized and extended to many remote actors, and all teachers have been forced into a state corporation called the National Pedagogical “Estate”. The main difference is that while the former organizations had regular meetings and were members of the co-decision procedure in the labour-related legislation, the new organizations have met very rarely and their competences have not gone beyond the consultation process. Thus, by these Acts the politicization of the entire civil sector and interest organizations has also been accomplished.

4. Conclusion: Hungary as the Worst-Case Scenario

According to the latest OECD Report, the rule of law situation has worsened in CEE in the recent period, since “the ‘rule of law’ imperative does

¹⁶ Legislated by the Act LXII of 2013 (on 21 May 2013). This means that “The Hungarian parliament recently has passed a new national security law that enables the inner circle of government to spy on people who hold important public offices. Under this law, many government officials must ‘consent’ to being observed in the most intrusive way (phones tapped, homes bugged, email read)”. Kim Scheppele, constitutional lawyer, has written a series of analyses on the distortion of checks and balances system in Hungary (see e.g. Scheppele, 2013a). Scheppele (2013b) further comments that “More than 20 years after Hungary left the world captured in George Orwell’s novel 1984, the surveillance state is back.”

not stick after accession” (Nicolaidis, Kleinfeld, 2012: 7). In the CEE comparative context, Hungary has proved to be the worst-case scenario in political developments in general and in the public administration reform in particular. The Democracy Index in Hungary has been fallen from year to year: 7.21 (2010) – 7.04 (2011) – 6.96 (2012) (DI, 2013: 11). The Freedom House (FH) Reports reflect the same worsening situation. The 2011 Report states that “Hungary, however, experienced a score decline due to policies adopted by newly elected Prime Minister Viktor Orbán, leader of the right-leaning Fidesz party. He was widely criticized for pushing through legislation that will enhance state control of the press and threaten journalistic freedoms.” (FH, 2011: 7).¹⁷

The worsening situation in public administration – beyond the institutional takeover and over-centralization – can be best documented by the politicization of administrative elite with the changes in the issues of social status, professional training and career management. *First*, the ever-changing social profile of the administrative elite indicates both losing and reinforcing their relative social position within the social hierarchy. It moves up and down with changes of government, but this permanent rotation has undermined their social positions. The core executives usually come from the middle class, but they very often have the risk-taking youngsters from the lower middle class in their ranks, so there is a generation gap between the old guard and the “young hungry wolves” with regard to both technocratic and political issues. Due to the recent global crisis, a new concern has emerged about the elite’s architecture, since there has been a widening generation gap in the incumbent government between the old-timer politicians and young politico-technocrats. The main social effort of the present government has been the creation of a new middle class in its national-Christian-conservative style, although this anachronism is in fact a return to the interwar period.

Second, there has been no significant change towards the Western-type professionalization in training and selection over the last twenty years. The training is done in business schools based on economics and in (tra-

¹⁷ Hungary fell from the 40th place in 2008 to the 43rd place in 2010 and to the 49th place in 2011 and 2012 in the Democracy Index (DI, 2010, 2011, 2013). The satisfaction with democracy in Hungary in 2009 was 23 per cent (well below the EU27 average of 53 per cent), and the trust in parties, government and parliament was 9, 14, 15 per cent respectively (DI, 2010: 20). See the entire development between 2006 and 2012 in the Bertelsmann country reports 2006, 2008, 2010, 2011 and 2012. The Hungarian economists have described this *competitiveness crisis* as the “Hungarian disease”, since “The crisis made it very clear that Hungary has fallen behind the Visegrád countries”. (Farkas, 2012: 67).

ditional) administrative schools focusing on law studies. Therefore, the administrative elite share some professional-managerial experience with the private sector, but the transfers from the private sector to the public sector are still rare, while the opposite takes place very often. The specific elite school paths in Hungary have appeared only recently with the National University for Civil Service (NKE) under strict government control, so it remains to be seen how this Hungarian “ENA” will influence the Westernization-professionalization of the administrative elite.

Third, the career prospects have been quite volatile because of the closed political patronage as the dominant trend of political appointments in career management. There have been cycles alternating high-level professional mobility and more traditional career paths, sometimes taking into account the role of performance appraisals, but sometimes, like nowadays, recognising the familial-personal relationships as far more important. Concerning the main issue, it is quite clear that talented students are not attracted by the career in the civil service because of low pay, poor social status and volatile perspectives. New young public managers are different from the old guard as both emerging technocrats and young political entrepreneurs. However, they have turned up as the representatives of the incumbent government only recently and just in the higher echelons of public administration, playing the role of the icebreakers in the full merger of politics and public administration.¹⁸

The general tendency of CEE countries has been the emergence of the new nomenclature. This tendency was displayed in Hungary until 2010 as a bumpy road with many hesitations and confusions in legislation, and with some failed reform efforts. The incumbent Fidesz government, however, has created the described negative process. The divergence from the West has led the Hungarian administrative elite to a cul-de-sac. Accordingly, the new administrative elite are “less” European even in the inner core ministries. Consequently, they are less able to govern properly. This merger between politics and public administration has proved to be altogether counterproductive with the declining Europeanness of the Hungarian ruling elite that has generated a declining quality of government.¹⁹

¹⁸ It may be indicative of all changes in the incumbent government that nepotism has appeared even at the highest administrative level. Nowadays, close relatives of the Fidesz leaders have frequently received core executive posts. For instance, the wife of a high Fidesz leader has been appointed “almighty” head of the National Judicial Office.

¹⁹ On 3 July 2013, the European Parliament approved a resolution on the Hungarian government based on the country report prepared by Rui Tavares (2013) with 370 votes in

The conclusion is that the global crisis has broken the catching up process in CEE within the general frame of the increasing Core-Periphery Divide in the EU. As the international press have recently reported, the CEE story has become the “Europe’s forgotten crisis”, since so many other crises are more important for the EU at the moment. The revival of Europeanization and democratization in CEE may only follow the overcoming of the EU general crisis in the mid-2010s.

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favour, 249 against and 82 abstentions. The Tavares Report has qualified some constitutional changes as anti-democratic, including those concerning public administration reforms in order to occupy all positions in the checks and balances system by party loyalists. The Report has pointed out that the basic problem with these changes in Hungary is that they constitute a coherent system, which violates the fundamental values of the EU. In this regard, the issue of the “Copenhagen Commission” to investigate the situation in the NMS has also been launched.

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BUMPY ROAD OF THE HUNGARIAN ADMINISTRATIVE REFORMS: FROM POLITICAL OVER-CENTRALISATION TO PUBLIC POLICY FAILURES

Summary

The paper focuses on the Hungarian administrative reforms in the East-Central European context in order to show that the Hungarian developments have been the worst-case scenario in the process of Europeanization. CEE states have been reluctant to open up towards the Western type of participatory democracy. Therefore, they have not yet reached the stage of good governance, which has eroded their international competitiveness. In this respect, the paper has described the Hungarian developments as the bumpy road with its ups and downs that appeared in the first twenty years. This volatile feature of administrative reforms has been reinforced by the latest developments in the second Orbán government (2010-2014) when the former patronage system in public administration has been turned into a complete merger, i.e. the whole public administration has been over-politicized. This invasion of politics into all levels of public administration with the appointments of loyal party soldiers to the top administrative positions has led to a drastic decline in governance capacity and effectiveness. The recent story of the “colonization of state” by politics in Hungary can be described in the terms of transition from political over-centralization to public

policy failures. Furthermore, this failure has to be considered as a sharp divergence from the Europeanization process.

Key words: *public administration – Hungary, reforms, Europeanization, merger of politics and administration*

STRANPUTICE MAĐARSKIH UPRAVNIH REFORMI: OD PRETJERANE POLITIČKE CENTRALIZACIJE DO NEUSPJEHA JAVNIH POLITIKA

Sažetak

Rad je usredotočen na mađarske upravne reforme u kontekstu Središnje i Istočne Europe kako bi se pokazalo da je razvoj događaja u Mađarskoj zapravo najgori mogući scenarij u procesu europeizacije. Do sada su države Središnje i Istočne Europe bile nesklone otvoriti se prema participativnoj demokraciji zapadnoga tipa. Zato još nisu dosegle razinu dobrog upravljanja, što im umanjuje međunarodnu kompetitivnost. Mađarske se okolnosti u radu nazivaju stranputicama da bi se označilo teškoće u prvih dvadeset godina tranzicije. Labilnost upravnih reformi dodatno je ojačana novijim razvojem za vrijeme druge Orbanove vlade (2010.-2014.) kada je prijašnji sustav političkog plijena zamijenjen potpunim spajanjem politike i uprave. Invazija politike na svim razinama javne uprave s imenovanjem lojalnih partijskih vojnika na ključne rukovodeće upravne položaje vodi k drastičnom padu upravljačkog kapaciteta i učinkovitosti. Tako se sadašnja priča o „kolonizaciji države“ od strane politike u Mađarskoj može najbolje opisati u terminima prijelaza s pretjerane političke centralizacije prema neuspjehu javnih politika. Nadalje, taj neuspjeh valja smatrati oštrim odklonom od procesa europeizacije.

Ključne riječi: *javna uprava – Mađarska, reforme, europeizacija, spajanje politike i uprave*